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**FISCAL IMPACT STATEMENT**

**LS 6130**

**BILL NUMBER:** HB 1027

**NOTE PREPARED:** Feb 17, 2009

**BILL AMENDED:**

**SUBJECT:** Prekindergarten Grant Pilot Program.

**FIRST AUTHOR:** Rep. Day

**FIRST SPONSOR:** Sen. Becker

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the Prekindergarten Grant Pilot Program expires in 2016, rather than 2014. It establishes the Prekindergarten Grant Pilot Program Fund. The bill provides that the \$0.65 portion of the Riverboat Admissions Tax that is currently paid to the state General Fund shall instead be paid to the Prekindergarten Grant Pilot Program Fund. It also makes appropriations from the Prekindergarten Grant Pilot Program Fund for the Prekindergarten Pilot Program.

**Effective Date:** July 1, 2009.

**Summary of NET State Impact:** The bill will redirect an estimated \$14 M to \$15 M annually from the state General Fund to the Prekindergarten Grant Pilot Program Fund. The source of the revenue is \$0.65 of the Riverboat Admission Tax that is currently being distributed to the state General Fund.

**Explanation of State Expenditures: Summary** - The bill appropriates \$8 M in FY 2010 and \$16 M in FY 2011 from the Prekindergarten Grant Pilot Program Fund established under current statute. The amounts in the Fund will come from \$0.65 of the Riverboat Admission Tax. Based on revenue estimates outlined below (see *Explanation of State Revenues*), the Fund could receive between \$14 M and \$15 M from the tax in FY 2010 and FY 2011. If the \$8 M appropriation is allotted and spent in FY 2010, that could leave an ending balance of \$6 M to \$7 M. If the \$16 M appropriation is allotted and spent in FY 2011, that could leave an ending balance of \$4 M to \$6 M.

**Background Information** - The bill establishes the Prekindergarten Grant Pilot Program Fund to be used by

the Department of Education to provide grants for the existing Prekindergarten Grant Pilot Program. The bill changes the expiration date of the program under current statute from July 1, 2014, to July 1, 2016. Under the bill, the Fund consists of revenue from the Riverboat Admission Tax, appropriations by the General Assembly, and gifts and grants. (See *Explanation of State Revenues* for description of Riverboat Admission Tax funding.) The bill also provides that money in the Fund does not revert to the state General Fund.

The Prekindergarten Grant Pilot Program was established under P.L. 234-2007 (the biennial budget bill). Under current statute, an eligible provider for pilot program grants is a school corporation or any entity providing a prekindergarten program that is accredited by the National Association for the Education of Young Children. A provider must apply to the Department for a grant to serve students who are at least four years of age on September 1 of the school year in either a half-day or full-day program. Currently, the Department has not made any grants due to the lack of available funds.

**Explanation of State Revenues: Summary** -The bill redirects revenue from the Riverboat Admission Tax to the Prekindergarten Grant Pilot Program Fund established by the bill. Currently, this revenue is being distributed to the state General Fund. It is estimated that the bill could potentially result in the distribution of about \$14 M to \$15 M to the Fund in FY 2010 and FY 2011.

**Background Information** - Current statute replaces the Riverboat Admission Tax subsidy to horse racing with amounts distributed to horse racing from a 15% set-aside of gaming receipts generated by the racetrack owner's slot machines. The 15% AGR set-aside is estimated to fully replace the Riverboat Admission Tax subsidy to horse racing beginning in FY 2009. This subsidy consists of: (1) Riverboat Admission Tax collections and (2) the annual supplemental payment from PTRF for replacement of Admission Tax shortages. Current statute distributes actual Riverboat Admission Tax collections otherwise earmarked for the horse racing subsidy described in (1) above to the state General Fund. In FY 2008, this distribution to horse racing totaled \$16.3 M. However, during the most recent 12-month period (October 2007 to September 2008), admissions have declined year-over-year by about 7.7% at the 10 riverboat casinos that pay Admission Tax to horse racing. The estimates assume that this decline could potentially persist for the remainder of FY 2009 and into FY 2010

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Expenditures*.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local schools; Entities accredited by the National Association for the Education of Young Children.

**Information Sources:** Indiana Gaming Commission, *Monthly Revenue Reports*

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